



# Memorandum

**TO: Board of Administration for the  
Police and Fire Department Retirement  
Plan and the FCERS.**

**FROM: Barbara Hayman**

**SUBJECT: Update on Pension Administration Project**

**Date: August 15, 2019**

**APPROVED:**

**DATE:**

8/8/19

## INFORMATIONAL

### BACKGROUND

In August 2014, the Board approved the Secretary to negotiate and execute an Agreement with Levi, Ray & Shoup (LRS) to provide, implement, host, and support a new Pension Administration System (PAS) and Document Imaging replacement Solution for an amount not to exceed \$9,000,000 (this cost split 50/50 between the plans) including a 5-year post production support and maintenance cost, with ongoing monthly hosting fees to be budgeted each fiscal year after the period covered by the contract has ended, see table below. At the November 2014 meeting, the Boards approved the Secretary to negotiate and execute an Agreement with INetU, a company dedicated to providing Cloud Hosting and Managed Hosting services. INetU was acquired by ViaWest in December of 2015.

Implementation Phase	LRS Budget
Services	\$4,965,280
License Fee/Maintenance	\$405,540
Replace Document Imaging	\$405,072
Disaster Recovery	\$52,242
<b>Implementation Phase Total Cost</b>	<b>\$5,828,134</b>
5-year post Implementation Phase	
5-year post production support and maintenance cost	\$1,239,909
<b>Implementation &amp; Post 5 Yr Total Cost</b>	<b>\$7,068,043</b>
Hosting	\$1,001,783
<b>Total Costs with disaster recovery included</b>	<b>\$8,069,826</b>
Plus Change Requests Costs already identified	\$176,310
Total Approved by Boards (split 50/50)	\$9,000,000
<b>Remaining Contingency</b>	<b>\$753,864</b>
Implementation Period (months)	40
Post Implementation Period (months)	60
<b>Total Contract Duration (months)</b>	<b>100</b>

Project Period	Proposed Duration	Original Timeline	Actual Duration	Current Timeline
Implementation Period (months)	40	2/1/2015-5/31/2018	48	2/1/2015-1/31/2019
Warranty Period	6	6/1/2018-12/1/2018	6	2/1/2019-8/1/2019
Post Implementation Period (months)	60	12/2/2018-12/2/2023	60	8/2/2019-8/2/2024
<b>Total Contract Duration (months)</b>	<b>106</b>		<b>114</b>	

## ANALYSIS

As reported at the May 2018 meeting the go-live date was moved from January 1 2019 to **February 1<sup>st</sup> 2019**, at a cost of \$51,200. This date was chosen to allow year end processing to be completed, allow ORS more time to identify and train a team of experts and to develop user documentation for line of business processes.

The Pension Administration V3 System went live on Monday February 4th., the project has now transitioned to Support after the six month warranty period ended August 1, 2019. ORS have been involved in software release testing as issues are resolved, which will continue until all problem incidents are fixed. All PIR's reported during the Warranty period will be fixed under the warranty by LRS. Annual processes, not yet run or run for the first time such as 1099-Rs, Member Statements, Actuarial Extracts, and some line of business functionality delivered via CR will be covered by an extended Warranty. Any defect on processes covered by an extended warranty will be fixed at no cost to additional cost ORS.

Transitioning to Support is a major milestone and effectively marks the completion of the main implementation project, in the upcoming months ORS will be focusing on these remaining work items:

- Member Portal – MemberDirect rollout, schedule outlined in the section below.
- Measure F – schedule outlined in the section below.
- Change Requests – Ongoing, ORS tests functionality when it is delivered by LRS
- Problem Incident Reports – Ongoing, ORS retests functionality as fixes are delivered

The current schedule for MemberDirect is as follows:

- Ready For Production August 30 2019
- Limited Go-Live (ORS Staff only) September 3 2019
- Go-Live Retirees October 1 2019
- Go-Live Actives December 2 2019

The current schedule for Measure F is as follows:

- **Phase One:** Tier 1 (VEBA) Plan Details, Contributions, Interest, FAS, Service Credit, SPC  
Phase One Timing: **Start Date** 3/1/2018 - **End Date:** 10/24/2018 (completed on schedule)
- **Phase Two:** Benefit Eligibility, COLA, Benefit Formulas, Payment Options, Medical and Dental Insurance Eligibility, Other  
Phase Two Timing: Phase Two A – Tier 1 (VEBA) Benefit calculations are complete  
**Start Date** 8/1/2018 - **End Date:** 4/1/2019  
Phase Two B – Tier 2 Benefit calculations – ORS completing User testing  
**Start Date** 8/1/2018 - **End Date:** 8/30/2019  
Phase Two C – COLA - LRS is completing System testing  
**Start Date** 8/1/2018 - **End Date:** 10/1/2019
- **Phase Three:** Guaranteed Purchasing Power, Health In-Lieu Premium  
Phase Three Timing: **Start Date** 3/1/2019 - **End Date** 12/1/2019

Risks and issues are inherent in all projects. A risk is defined as an uncertain event or condition that, if it occurs, could have a positive or negative impact on the project's objectives. An issue is an event or condition that has already happened and has impacted, or is currently impacting, the project's objectives. Risks have an associated status or severity. The status is a determination of the estimated negative impact the risk will have on the project if it occurs. The status is based upon LRS's professional judgment and experience. The Status can be:

- Low: Minimal disruption to project progress
- Medium: Moderate disruption to project progress, schedule implications
- High: extended disruption to project progress, cost implications
- Critical: catastrophic disruption to project progress, severe cost implications

There are no new Risks and no new Issues associated with the project since the last report. The project currently has no risks and no issues that have a status of high:

The project implementation period was originally estimated at 40 months, the project actually took 48 months. The attached presentation details the implementation project costs to date, inclusive of Measure F and the post implementation costs. Please also see attachment for information on the activities that have taken place to date, in addition to the upcoming activities for the next 90 days.



Barbara Nayman  
Deputy Director, Office of Retirement Services

# Pension Administration System Project

## Remaining Project Items

- MemberDirect

- Measure F

# Current Project Status

- ❑ Maintenance and Support – The project transitioned to Support on August 1, 2019 for all core functionality delivered by February 1, 2019.

# Status of Remaining Work

- ❑ MemberDirect – First round of User Acceptance Testing has been completed and LRS is making fixes as a result.
- ❑ Measure F Change Request –
  - **Benefit Calculations** - Tier 2 Benefit Eligibility, Benefit Formulas, Payment Options, Medical and Dental Insurance Eligibility, Other  
Original Estimated Timing: **Start Date** 8/1/2018, **Prod Date**: 5/31/2019  
Current Estimated Timing: **Prod Date**: 8/30/2019  
Current Status: ORS is still performing User Acceptance Testing
  - **COLA**  
Original Estimated Timing: **Start Date** 8/1/2018, **Prod Date**: 5/31/2019  
Current Estimated Timing: **Prod Date**: 10/1/2019  
Current Status: Has not yet been delivered for UAT
  - **GPP/Health In-Lieu**  
Original Estimated Timing: **Start Date** 3/1/2019, **Prod Date** 8/15/2019  
Current Estimated Timing: **Prod Date**: 12/1/2019  
Current Status: Has not yet been delivered for UAT

# Member Direct & Measure F Schedule Chart

ID	Task Name	Start	Finish	Duration	% Complete	2017	2018				2019				2020			
						Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Member Direct	8/30/2019	12/2/2019	13.4w	0%													
2	Ready for Production	8/30/2019	8/30/2019	.2w	0%													
3	Limited Go-Live (ORS Staff)	9/3/2019	9/3/2019	.2w	0%													
4	Go-Live Retirees	10/1/2019	10/1/2019	.2w	0%													
5	Go-Live Actives	12/2/2019	12/2/2019	.2w	0%													
6	Measure F	8/1/2018	10/1/2019	61w	50%													
7	Benefit Calculations	8/1/2018	8/30/2019	56.6w	85%													
8	COLA	8/1/2018	10/1/2019	61w	75%													
9	GPP/Health In-Lieu	3/1/2019	11/29/2019	39.2w	50%													

Note: The blue bar shows the scheduled duration of the deliverable, in time units. The % completion, the pink bar, is actually a measurement of the % of the work that LRS estimated for the task that is currently completed.

Since the actual work completed is not spread evenly over any given time, the % work complete and the % of the duration spent may not always be in sync.

# Activities Since May 2019

- ☐ Member Direct –
  - Participated in training
  - Completed initial round of User Acceptance Testing
- ☐ V3 Control Sheets – Limited progress made due to resource unavailability
- ☐ Measure F
  - Benefit Calcs – User Acceptance Testing is in progress
  - COLA – LRS finished System Testing
  - GPP and In-Lieu – LRS started System Testing
- ☐ Numerous Problem Incident Reports created, fixed by LRS and retested by ORS
- ☐ Ad-Hoc Report Training delivered.



# Next 90 Days Highlights

## ❑ Member Direct

- Roll-out to Retirees

## ❑ Measure F

- Benefit Calcs – ORS complete UAT and move to production
- COLA – ORS complete UAT and move to production
- GPP and In-Lieu – LRS will complete System Testing and ORS will begin User Acceptance Testing.

# LRS Implementation Project and 5 Year Post Implementation Support Costs

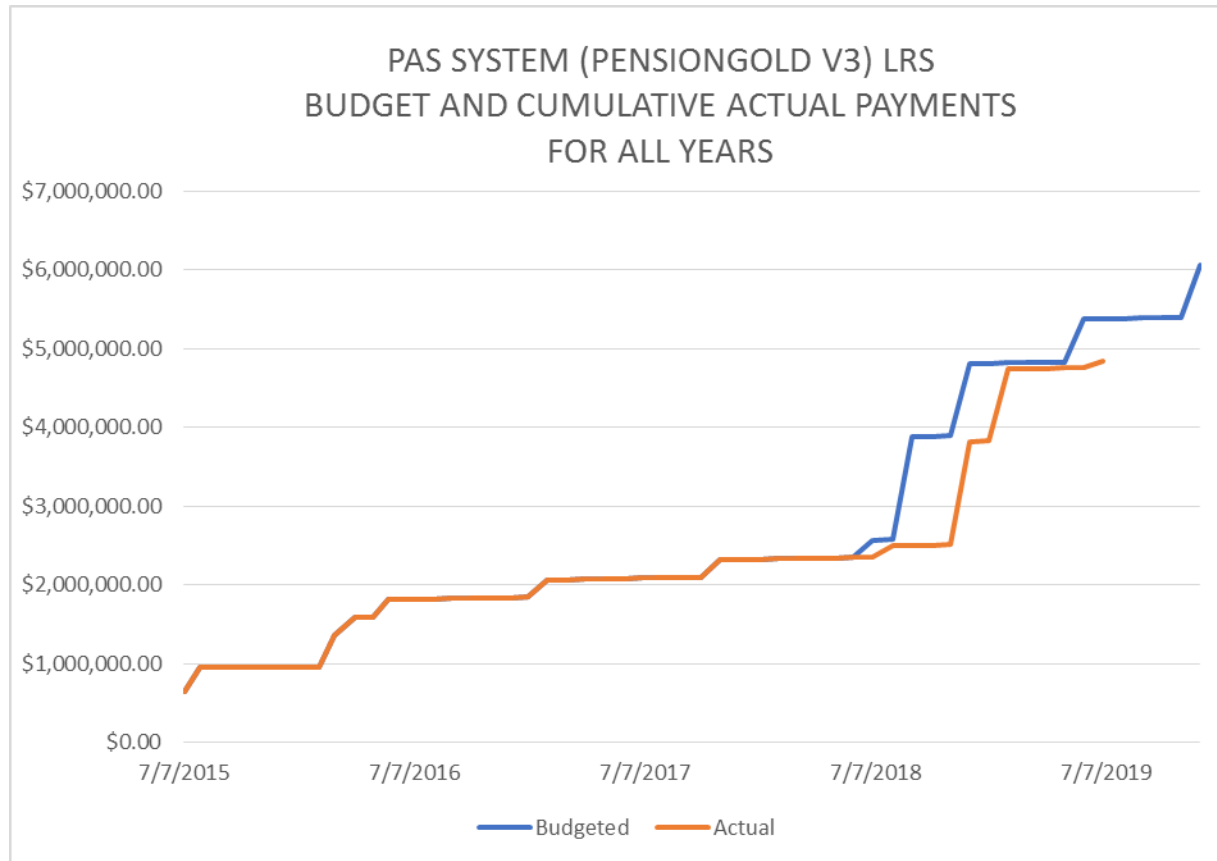
<b>IMPLEMENTATION PROJECT COSTS, INCLUDING 6 MONTH WARRANTY</b>		<b>LRS BUDGET</b>
Services		\$4,965,280.00
	Total Mandatory	\$4,965,280.00
Replacement of Document Imaging		\$405,072.00
Disaster Recovery Plan		\$52,242.00
Total Service Costs		\$5,422,594.00
Pension Admin System License Fee		\$360,000.00
Pension Admin System Maintenance Fee		\$45,540.00
Total License and Maintenance Fees		\$405,540.00
<b>Total Implementation Project Costs, Including 6 Month Warranty</b>		<b>\$5,828,134.00</b>
<b>5 YEAR POST IMPLEMENTATION PROJECT COSTS</b>		<b>LRS BUDGET</b>
Software Support Services		\$456,000.00
Pension Admin System Maintenance Fee		\$499,552.00
Replacement of Document Imaging		\$221,788.00
Disaster Recovery Plan		\$62,569.00
<b>Total 5 Year Post Implementation Project Costs</b>		<b>\$1,239,909.00</b>
<b>TOTAL IMPLEMENTATION, POST IMPLEMENTATION, HOSTING, CHANGE REQUESTS</b>		
Total Implementation Project Costs		\$5,828,134.00
Total 5 Year Post Implementation Project Costs		\$1,239,909.00
Total Implementation and Post Implementation Project Costs		\$7,068,043.00
Hosting		\$1,001,783.00
Total Implementation, Post Implementation and Hosting Costs		\$8,069,826.00
Change Requests Approved		\$176,310.00
<b>Total Implementation, Post Implementation and Change Request Cost:</b>		<b>\$8,246,136.00</b>

# LRWL and INetU Budget

	Additional Amount Added to Contract	Budget
<b>LRWL</b>		
Original Contract Budget for RFP 2010		\$373,150.00
Amendment 1 June 2012 - Implementation Support	\$706,350.00	\$1,079,500.00
Amendment 3 Dec 2017 for Additional Time for Project Mgmt Oversight	\$570,500.00	\$1,650,000.00
Amendment 4 Oct 2018 for Parallel Support	\$380,600.00	\$2,030,600.00
Paid as of August 1, 2019		\$1,812,370.00
Remaining LRWL Budget		\$218,230.00

<b>INetU Hosting</b>	
Original Budget	\$1,001,783.00
Paid as of August 1, 2019	\$242,959.00
Remaining INetU Budget	\$758,824.00

# PensionGold V3 Project Implementation/Hosting Budget and Payments



# LRWL Project Budget as of August 1, 2019

**LRWL Cumulative and Actual Budget for All Years**

